

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
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January 5, 2015

GA2013-14

Mark Casaday, COO
Niska Gas Storage Radnor Office
170 Radnor Chester Rd. Suite150
Wayne, PA 19087

Subject: General Order 112-E Integrity Management and Public Awareness Inspection of Wild Goose Storage, L.L.C. Transmission Facilities

Dear Mr. Casaday:

The Safety Enforcement Division (SED) of the California Public Utilities Commission (CPUC) conducted a General Order 112-E (GO 112-E) inspection of the Integrity Management Plan (IMP) of Wild Goose Storage L.L.C. (WGS) transmission facilities and Public Awareness Plan (PAP) from July 28 through August 2, 2013. The inspection included a review of WGS' IMP and PAP from the period of October 2009 to August 2013. Additionally, SED conducted a field inspection to review some areas of pipelines located in High Consequence Areas (HCAs).

CPUC GO 112-E references and adopts the requirements of Title 49 Code of Federal Regulations, Part 192. Violations of the GO 112-E identified during the safety inspection are itemized within the Summary of Inspection Findings (Summary) enclosed with this letter. Please note that a meeting with WGS representatives was held at the conclusion of our inspection. Any differences are generally attributed to research conducted subsequent to the inspection, which can result in some potential violations being excluded and other violations, not discussed during the exit meeting, being included in the Summary.

Please provide a written response within 30 days of receipt of this letter indicating the measures taken by WGS to mitigate and prevent recurrence of the non-compliances noted in the Summary. For any corrections not completed by the date of your response, please provide specific dates by which these corrections are expected to be completed. Pursuant to Commission Resolution ALJ-274, SED staff has the authority to issue citations for each violation discussed during the inspection. SED will notify WGS of the enforcement action it plans to take after it reviews WGS's inspection response.

If you have any questions, please contact Mahmoud Intably, at (213) 576-7016 or by e-mail at mahmoud.intably@cpuc.ca.gov.

Sincerely,

A handwritten signature in blue ink that reads "Kenneth A. Bruno". The signature is written in a cursive style with a long horizontal flourish at the end.

Kenneth Bruno, Program Manager
Gas Safety and Reliability Branch
Safety and Enforcement Division

Enclosure:
Summary of Inspection Findings

Cc: Patrick Baynard, WGS

Summary of Inspection Findings
2013 WGS
July 28- August 2, 2013

Violations

1) Title 49 Code of Federal Regulations (CFR) §192.905 – How does an operator identify a high consequence area?

§192.905 (a) General. To determine which segments of an operator's transmission pipeline system are covered by this subpart, an operator must identify the high consequence areas. An operator must use method (1) or (2) from the definition in §192.903 to identify a high consequence area. An operator may apply one method to its entire pipeline system, or an operator may apply one method to individual portions of the pipeline system. An operator must describe in its integrity management program which method it is applying to each portion of the operator's pipeline system. The description must include the potential impact radius when utilized to establish a high consequence area.

WGS Integrity Management Plan (IMP) did not include the basic baseline information (PIR calculation Station: 987+46 to 997+60) identified during the 2004 baseline assessment for the 30-inch line (East: Butler road, West: Irrigation land). WGS needs to incorporate all pertinent baseline data from previous versions of the IMP to the current revision.

2) CFR §192.911 – What are the elements of an integrity management program?

§192.911(a) An identification of all high consequence areas, in accordance with §192.905.

WGS needs to calculate the PIR for the 24-inch line and incorporated the information into the WGS IMP.

3) CFR §192.919 – What must be in the Baseline assessment plan?

§192.919(b) The methods selected to assess the integrity of the line pipe, including an explanation of why the assessment method was selected to address the identified threats to each covered segment. The integrity assessment method an operator uses must be based on the threats identified to the covered segment. (See §192.917.) More than one method may be required to address all the threats to the covered pipeline segment.

The WGS IMP did not include an explanation to validate the selected method used to address the identified threats to the covered segment.

4) CFR §192.917 – How does an operator identify potential threats to pipeline integrity and use the threat identification in its integrity program?

§192.917(c) Risk assessment. An operator must conduct a risk assessment that follows ASME/ANSI B31.8S, section 5, and considers the identified threats for each covered segment. An operator must use the risk assessment to prioritize the covered segments for the baseline and continual reassessments (§§ 192.919, 192.921, 192.937), and to determine what additional preventive and mitigative measures are needed (§192.935) for the covered segment.

WGS's risk assessment failed to account for factors that could affect the likelihood of a natural gas release and for factors that could affect the consequences of potential natural gas releases. The assessment must combine these factors in an appropriate manner to produce a risk value for each pipeline segment. WGS's risk assessment matrix did not capture the calculation for consequences. Calculation for consequences must be justified based on the risk matrix provided. The consequences should consider worst case scenarios unless logical justification can be provided. The previous calculation indicated that the consequences depend on the likelihood, but they must be considered independent of each other. The consequences should consider the worst case scenarios. Furthermore, WGS IMP, Section 4.4.6 Risk Result Validation, states that WGS will conduct a risk result validation at least once each calendar year but WGS was not able to provide the necessary records to validate the results of the risk assessments.

5) CFR §192.933 – What actions must be taken to address integrity issues?

§192. 933(c) Schedule for evaluation and remediation. An operator must complete remediation of a condition according to a schedule prioritizing the conditions for evaluation and remediation. Unless a special requirement for remediating certain conditions applies, as provided in paragraph (d) of this section, an operator must follow the schedule in ASME/ANSI B31.8S (incorporated by reference, see §192.7), section 7, Figure 4. If an operator cannot meet the schedule for any condition, the operator must explain the reasons why it cannot meet the schedule and how the changed schedule will not jeopardize public safety.

The WGS IMP did not account for the evaluation and remediation of other condition(s) that did not meet the criteria in ASME Section 7, Figure 4.

6) CFR §192.937 – What is a continual process of evaluation and assessment to maintain a pipeline's integrity?

§192. 937(b) Evaluation. An operator must conduct a periodic evaluation as frequently as needed to assure the integrity of each covered segment. The periodic evaluation must be based on a data integration and risk assessment of the entire pipeline as specified in §192.917. For plastic transmission pipelines, the periodic evaluation is based on the threat analysis specified in 192.917(d). For all other transmission pipelines, the evaluation must consider the past and present integrity assessment results, data integration and risk assessment information (§192.917), and decisions about remediation (§192.933) and additional preventive and mitigative actions (§192.935). An operator must use the results from this

evaluation to identify the threats specific to each covered segment and the risk represented by these threats.

The WGS IMP, Section 5.3.2 did not address the justification for using a 7-year window for the reevaluation interval.

7) CFR §192.937 – What is a continual process of evaluation and assessment to maintain a pipeline's integrity?

§192.937(c) Assessment methods. In conducting the integrity reassessment, an operator must assess the integrity of the line pipe in the covered segment by any of the following methods as appropriate for the threats to which the covered segment is susceptible (see §192.917), or by confirmatory direct assessment under the conditions specified in §192.931. (1) Internal inspection tool or tools capable of detecting corrosion, and any other threats to which the covered segment is susceptible. An operator must follow ASME/ANSI B31.8S (incorporated by reference, see §192.7), section 6.2 in selecting the appropriate internal inspection tools for the covered segment. (2) Pressure test conducted in accordance with subpart J of this part. An operator must use the test pressures specified in Table of section 5 of ASME/ANSI B31.8S, to justify an extended reassessment interval in accordance with §192.939. (3) Direct assessment to address threats of external corrosion, internal corrosion, or stress corrosion cracking. An operator must conduct the direct assessment in accordance with the requirements listed in §192.923 and with as applicable, the requirements specified in §§ 192.925, 192.927 or 192.929; (4) Other technology that an operator demonstrates can provide an equivalent understanding of the condition of the line pipe. An operator choosing this option must notify the Office of Pipeline Safety (OPS) 180 days before conducting the assessment, in accordance with §192.949. An operator must also notify a State or local pipeline safety authority when either a covered segment is located in a State where OPS has in interstate agent agreement, or an intrastate covered segment is regulated by that State.

The WGS IMP, Section 5.2.2 Table 4 identified that records can be used as the primary assessment method which is not in compliance with ASME/ANSI B31.8S, Section 6. WGS's primary assessment method must follow the selection criteria of ASME/ANSI B31.8S, Section 6.

8) CFR §192.935 – What additional preventive and mitigative measures must an operator take?

§192.935(a) General requirements. An operator must take additional measures beyond those already required by Part 192 to prevent a pipeline failure and to mitigate the consequences of a pipeline failure in a high consequence area. An operator must base the additional measures on the threats the operator has identified to each pipeline segment. (See §192.917) An operator must conduct, in accordance with one of the risk assessment approaches in ASME/ANSI B31.8S (incorporated by reference, see §192.7), section 5, a risk analysis of its pipeline to identify additional measures to protect the high consequence area and enhance

public safety. Such additional measures include, but are not limited to, installing Automatic Shut-off Valves or Remote Control Valves, installing computerized monitoring and leak detection systems, replacing pipe segments with pipe of heavier wall thickness, providing additional training to personnel on response procedures, conducting drills with local emergency responders and implementing additional inspection and maintenance programs.

The WGS IMP, Section 6 did not address all the plausible additional measures beyond those already required by Part 192 to protect the high consequence area and enhance public safety. WGS did not have a systematic, documented decision-making process in place to decide which measures are to be implemented, involving inputs from relevant parties of the WGS.

§192.935 (c) Automatic shut-off valves (ASV) or Remote control valves (RCV). If an operator determines, based on a risk analysis, that an ASV or RCV would be an efficient means of adding protection to a high consequence area in the event of a gas release, an operator must install the ASV or RCV. In making that determination, an operator must, at least, consider the following factors—swiftness of leak detection and pipe shutdown capabilities, the type of gas being transported, operating pressure, the rate of potential release, pipeline profile, the potential for ignition, and location of nearest response personnel.

WGS did not provide a risk analysis methodology that ASVs or RCVs will add protection to a high consequence area in an event of gas release.

9) CFR §192.947 – What records must an operator keep?

§192.947(e) Documents that demonstrate personnel have the required training, including a description of the training program, in accordance with §192.915.

WGS did not have the relevant records to demonstrate personnel performing the IM assessment have the knowledge and the expertise in making a sound decision. A resume without supporting documentation is not considered a valid document supporting their training and experience for their assigned responsibilities.

10) CFR §192.915 – What knowledge and training must personnel have to carry out an integrity management program?

§192.915 (b) Persons who carry out assessments and evaluate assessment results. The integrity management program must provide criteria for the qualification of any person— (1) Who conducts an integrity assessment allowed under this subpart; or (2) Who reviews and analyzes the results from an integrity assessment and evaluation; or (3) Who makes decisions on actions to be taken based on these assessments

WGS did not have the proper documentation to validate the training and qualification of the contractors used to carry out assessments and evaluation of assessment results.